

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-178

November 21, 2000

BANGOR HYDRO-ELECTRIC COMPANY  
Request for Approval of Amendment to  
Special Rate Contract with Lemforder  
Corporation

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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## **SUMMARY OF DECISION**

By this Order, we grant final approval of an Amendment to the special rate contract between Bangor Hydro-Electric (BHE) and Lemforder Corporation (Lemforder) which unbundles generation service from transmission and distribution service using standard offer service as Lemforder's generation service.

## **DISCUSSION AND DECISION**

On February 29, 2000, BHE filed with this Commission a proposed Amendment to its special rate contract with Lemforder.<sup>1</sup> The Amendment provides that Lemforder pay for unbundled T&D service at the pre-amendment bundled electric price minus Lemforder's generation costs, assuming BHE agrees Lemforder's generation service was obtained diligently. Under the Amendment, if Lemforder does not exercise due diligence, BHE in its reasonable discretion must determine a reasonable market generation price.

On March 21, 2000, this Amendment was granted temporary approval by the Director of the Technical Analysis Division, subject to certain conditions. The first condition required BHE to provide, by May 1, 2000, a filing to the Commission demonstrating the due diligence of Lemforder's continuing to take standard offer service. On May 1, 2000, BHE filed such information. Based on continuing discussions with Commission Staff, BHE filed updates to this information on August 15 and October 18. We have reviewed this information and are satisfied that through the initial term of the Agreement,<sup>2</sup> Lemforder is unable to obtain generation service at a rate less than standard offer service.

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<sup>1</sup>Lemforder executed the amendment on March 10, 2000.

<sup>2</sup>The full contract term extends (at the customer's option) through December 31, 2005 but only the initial term (through December 31, 2000) requires unbundling.

The temporary approval also expressed concerns with the language in the Amendment that requires BHE to pay a negative T&D rate to Lemforder if Lemforder's generation service is more expensive than its bundled special contract rate. BHE asserted that this was not expected to occur because even at the standard offer rate, Lemforder would make a positive T&D contribution. We have reviewed the usage information and concluded that Lemforder provided a positive contribution in all months to date and, at projected usage levels for November and December, is expected to provide a positive contribution through the initial term of the agreement. Therefore, as the term that would require BHE to pay Lemforder to take T&D service has not been, and it appears will not be, operative in any month, we do not condition our approval on the removal of the sentence.

Therefore, because it appears that Lemforder has acted with due diligence to obtain generation at the lowest possible price and because the provision of the Amendment that could have required BHE to pay Lemforder to take T&D service does not appear likely to come into play, we grant final approval of this Amendment to the contract pursuant to 35-A M.R.S.A. § 703(3-A) and find that it is in conformance with 35-A M.R.S.A. § 3204(10).

Dated at Augusta, Maine, this 21<sup>st</sup> day of November, 2000.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch  
Nugent  
Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.